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SUBJECT: BRAZIL PLANS TO RENEW NUCLEAR COOPERATION WITH INDIA

REF: PRETORIA 3772

11. (U) THIS CABLE IS SENSITIVE BUT UNCLASSIFIED AND NOT FOR INTERNET DISTRIBUTION.

12. (SBU) SUMMARY. At a meeting with EmbOffs on October 19, the Ministry of External Relations' (MRE) Director of the Division of Disarmament and Sensitive Technologies, Minister Santiago Mourao, said the USG opening with India on nuclear energy has revived Brazil's and India's interest in nuclear energy cooperation. Mourao clarified that Brazil did not enter into an agreement with India and South Africa per se as was reported in local press, but instead issued a joint declaration, which covered a wide range of topics such as UN Security Council reform and the Doha Round. He noted that Brazil was particularly interested in India's use of thorium in its nuclear reactors. India and Brazil are numbers one and three in the world in terms of thorium reserves, he added. A collateral benefit to the United States, Mourao pointed out, is that now Brazil has more reasons to support the U.S. proposal to the Nuclear Suppliers Group (NSG) concerning opening up to India. For its part, a uranium-poor India would benefit from gaining access to Brazil's extensive supply of uranium. END SUMMARY.

13. (SBU) On October 17, Brazilian President Lula, Indian Prime Minister Singh, and South African President Mbeki met in Tshwane, South Africa, at the second summit of the India-Brazil-South Africa (IBSA) Dialogue Forum (REFTEL). They released a joint declaration that said, among many other things, "they agreed to explore approaches to cooperation in the peaceful uses of nuclear energy under appropriate International Atomic Energy Association (IAEA) safeguards." Key excerpts of this joint declaration are provided in paragraph 10 below. On October 19, ESTH Officer and Pol Off met with MRE's Director of the Division of Disarmament and Sensitive Technologies, Min. Santiago Mourao, to discuss the joint declaration.

14. (SBU) Press reports on October 18 had described the IBSA joint declaration as an "agreement" on nuclear cooperation between the Government of Brazil (GOB) and India and South Africa. Mourao clarified that it was not an agreement, but part of a joint declaration, which covered a wide range of topics such as UN Security Council reform and the Doha Round. Nonetheless, Mourao underscored that the portions of the declaration (see below) dedicated to nuclear issues serve as a symbol of each of the countries' commitment to nuclear nonproliferation and disarmament and to the "unalienable right" to peaceful uses of nuclear energy, including new approaches to nuclear cooperation and R&D, within existing international nonproliferation regimes. He referred to

these paragraphs in the joint declaration as a "monument to diplomacy."

¶15. (SBU) The revival of cooperation with India was not without internal conflict, according to Mourao. Initially, the U.S.-India agreement was not well-received within the GOB because of India's status as a non-member of the NPT. Even so, some within the GOB recognized the value of engaging India. Thus, to address the internal GOB conflicts Mourao said that the GOB persuaded India to present a strong public commitment to nuclear disarmament in order to help sway internal GOB positions. This, Mourao explained, would help to bring India into a more "structured" discussion to provide a way for the GOB to essentially sidestep the fact that India is not a member of the NPT. By doing so, supporters sought to soothe internal GOB conflicts and to move the possible nuclear cooperation forward.

NEXT STEPS

¶16. (SBU) Mourao emphasized that Brazil would not begin bilateral cooperation with India until the NSG permits it. He pointed out a collateral benefit to the United States, explaining that Brazil's interest in nuclear cooperation with India should help to push through the USG's proposal to the NSG concerning cooperation with India. He noted, however, that the GOB still has no official position yet on the Article 123 Agreement and will probably not state one at the next NSG meeting. At the moment, Mourao said that the GOB is "constructing a position" that he thinks will be "positive and proactive" upon completion.

¶17. (SBU) When asked if Brazil intends to supply other countries with nuclear material or engage in nuclear exploration with other countries, Mourao replied only that the GOB would enter into a

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nuclear dialogue with India. This included a visit to India last month by Brazilian nuclear regulatory authorities and a reciprocal visit to Brazil is scheduled for early next year. Mourao expressed interest in nuclear cooperation between Brazil and India on the use of thorium. He said, India and Brazil are numbers one and three in terms of thorium reserves globally, but earlier attempts at cooperation had failed due to lack of funding and poor test results. Mourao also emphasized that while the joint declaration by IBSA involves three countries, the GOB is only pursuing bilateral cooperation with India at the moment, but that the GOB may seek to enter into an agreement with SA next year.

BACKGROUND

¶18. (SBU) Previously, Brazil and India had been engaged in extensive discussions of nuclear cooperation. In 1996, then Brazilian President Cardoso went to India to, among other things, negotiate an agreement on the use of thorium as nuclear fuel. At the time, Brazil and India were both outside the Non-Proliferation Treaty (NPT); Brazil later joined the NPT in 1998. With its large reserves of thorium, Brazil has been very interested in Indian advances in processing and using thorium. In 1998, Brazil suspended nuclear cooperation with India following its nuclear tests and, according to Mourao, such cooperation is prohibited by Brazilian law. Mourao stated that this national law would now need to be revisited.

¶19. (SBU) A uranium-poor India would be interested in Brazil as a possible supplier of uranium. According to Industrias Nucleares do Brazil, the parastatal company handling uranium exploration, in 2001 Brazil registered uranium (U3O8) reserves of approximately 309,000 tons, located primarily in the States of Bahia, Ceara, Parana and Minas Gerais. It reports that Brazil ranks sixth in global uranium reserves behind Kazakhstan, Australia, South Africa, USA, and Canada.

¶10. (U) BEGIN EXCERPTS FROM DECLARATION

DECLARATION OF THE SECOND SUMMIT OF THE INDIA-BRAZIL-SOUTH AFRICA
DIALOGUE FORUM, OCTOBER 17, 2007

¶1. The Prime Minister of India, H.E. Dr Manmohan Singh, the President of Brazil, H.E. Mr. Luiz Incio Lula da Silva, and the President of South Africa, H.E. Mr. Thabo Mbeki (thereafter referred as "the leaders") met in Tshwane, South Africa, on 17 October 2007, for the 2nd Summit of the India-Brazil-South Africa (IBSA) Dialogue Forum.

¶2. The leaders recognized that since its inception in 2003, the IBSA Dialogue Forum provided a strong framework for trilateral cooperation in several key sectoral areas amongst IBSA partners. They noted that IBSA also provides them an important instrument for cooperation on regional and international issues and promoting the interests of the developing countries, thus contributing to the strengthening and deepening of South-South cooperation.

¶9. The leaders emphasized their commitment to the goal of the complete elimination of nuclear weapons and expressed concern over the lack of progress in the realization of this goal. They emphasized that nuclear disarmament and nuclear non-proliferation are mutually reinforcing processes requiring continuous, irreversible progress on both fronts, and reaffirmed, in this regard, that the objective of non-proliferation would be best served by the systematic and progressive elimination of nuclear weapons in a comprehensive, universal, non-discriminatory and verifiable manner. They further emphasized the necessity to start negotiations on a phased program for the complete elimination of nuclear weapons with a specified framework of time to eliminate nuclear weapons, to prohibit their development, production, acquisition, testing, stockpiling, transfer, use or threat of use, and to provide for their destruction.

¶10. The leaders strongly emphasized the need for ensuring the supply of safe, sustainable and non-polluting sources of energy to meet the rising global demand for energy, particularly in developing countries. In this context, they agreed to explore approaches to cooperation in the peaceful uses of nuclear energy under appropriate International Atomic Energy Association (IAEA) safeguards. They further agreed that international civilian nuclear cooperation, under appropriate IAEA safeguards, amongst countries committed to

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nuclear disarmament and non-proliferation objectives, could be enhanced through acceptable forward-looking approaches, consistent with their respective national and international obligations. They also reiterated the importance of ensuring that any multilateral decisions related to the nuclear fuel cycle do not undermine the inalienable right of States to pursue nuclear energy for peaceful purposes in conformity with their international legal obligations.

END EXCERPTS FROM DECLARATION

SOBEL